

Message Text

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PAGE 01 STATE 176209

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TO AMEMBASSY BUENOS AIRES

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FOLLOWING REPEAT EC BRUSSELS 6610 ACTION SECSTATE INFO ALL EC CAP-
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QUOTE

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E.O. 11652: N/A

TAGS: ETRD, EEC, GATT

SUBJECT: WALKER-SOAMES DISCUSSION OF MTN

REF: GENEVA 5749 (NOTAL)

1. SUMMARY: DEPUTY STR WALKER MET WITH EC COMMISSION VICE
PRESIDENT SOAMES JULY 21 TO DISCUSS THE MANAGEMENT OF THE MTN.
THEY AGREED THAT IT IS NECESSARY FOR THE MAIN NEGOTIATING
PARTNERS TO ORGANIZE THE NEGOTIATIONS. HIJZEN WILL BE VISITING
WASHINGTON THIS AUTUMN FOR FURTHER EXCHANGE OF VIEWS. SOAMES
THINKS THAT THE DECEMBER TNC MUST PRODUCE SOME CONCRETE RESULTS.
HE BELIEVES THAT BY THEN THE LDGS WILL NO LONGER BE PLACATED
BY THE OPPORTUNITY TO MAKE SPEECHES. SOAMES RAISED QUESTIONS
ABOUT CURRENT GRAINS SITUATION (IN LIGHT OF SOVIET PURCHASES
AND POOR EUROPEAN CROP) AND SUGGESTED THAT URGENCY TO MOVE
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PAGE 02 STATE 176209

AHEAD ON RESERVES NEGOTIATIONS IN LONDON HAD EASED. HE ASKED

THAT THE US NOT DELAY FINAL ACTION IN THE COUNTERVAILING CASES REGARDING WHICH THERE HAVE BEEN PRELIMINARY FINDINGS UNTIL NEAR THE END OF THE SIX MONTHS ALLOWED BY LAW. END SUMMARY.

2. AMBASSADOR WALKER, DEPUTY DTR, TOGETHER WITH AMBASSADOR GREENWALD, CALLED ON SOAMES JULY 21. HIJZEN ALSO ATTENDED THE MEETING.

3. AMBASSADOR WALKER OPENED BY SAYING HE VIEWED THE MEETING AS FOLLOWUP TO THE RECENT GUNDELACH VISIT TO WASHINGTON. THE PURPOSE WAS TO DEVELOP A SYSTEM OF CLOSE US-EC CONSULTATION REGARDING THE CONDUCT OF THE MTN--IN GENEVA, IN BRUSSELS, AND IN WASHINGTON. HE NOTED THAT LONG HAD (REFTEL) SPOKEN TO HIM OF THE NEED FOR THE "BIG THREE"--THE US, EC, AND JAPAN--TO GET TOGETHER ON HOW TO PROCEED IN THE MTN. LONG HAS ALSO SUGGESTED HE WOULD TAKE A STRONG PERSONAL ROLE IN THIS EFFORT, BUT AMBASSADOR WALKER FELT THAT NOT TOO MUCH WEIGHT SHOULD BE GIVEN TO THIS; HENCE, THE MAIN PARTICIPANTS, AND ESPECIALLY THE US AND THE EC, WOULD HAVE TO TAKE THE RESPONSIBILITY.

4. SOAMES SAID HE THOROUGHLY AGREED WITH THIS. HIJZEN SAID US-EC AGREEMENT ON MANAGEMENT OF THE NEGOTIATIONS WAS "HIGH ON HIS LIST". HE ALREADY INTENDED TO VISIT WASHINGTON IN MID-SEPTEMBER (IMMEDIATELY AFTER THE SEVENTH SPECIAL SESSION) SINCE HE WOULD BE IN NEW YORK ANYWAY. HE HOPED THEN TO AGREE ON A LIST OF TOPICS TO BE THE SUBJECT OF BILATERAL DISCUSSIONS BETWEEN US/EC AND TO ESTABLISH A SCHEDULE FOR THE TALKS. IN ADDITION, HE WOULD BE PREPARED TO TALK ABOUT AGRICULTURAL PROBLEMS AT THE SEPTEMBER MEETING.

5. SOAMES SAID HE HAD NOT AGREED WITH THE IDEA OF SETTING TARGETS FOR ACHIEVMENTS IN THE MTN, BUT ON THE OTHER HAND, HE WAS IN FAVOR OF REAPING EARLY CROPS WHEN THEY RIPENED, AND HE FELT THAT THE LDCS WOULD INSIST ON EARLY RESULTS, AT LEAST ON TROPICAL PRODUCTS. AMBASSADOR WALKER SOUGHT TO CLARIFY SOAMES' UNDERSTANDING OF US POSITION ON "INTERIM CONCRETE RESULTS" AS SET OUT IN AMBASSADOR DENT'S TNC SPEECH. HIJZEN ADDED THAT HE WAS HAPPY WITH THE WAY THE JULY TNC HAD ENDED--WITH THE US PROPOSAL FOR INTERIM CONCRETE RESULTS HAVING BEEN MADE WITHOUT THE EC'S BEING COMPELLED TO TAKE POSITION ON IT.

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PAGE 03 STATE 176209

6. AMBASSADOR WALKER STATED THAT THE ADMINISTRATION NOW HAD IN HAND THE RESULTS OF THE SEVERAL SERIES OF HEARINGS HELD IN RECENT MONTHS. HE EXPECTED THAT BY OCTOBER THE US WOULD BE READY TO NEGOTIATE SERIOUSLY ON SUBSIDIES AND COUNTERVAILING DUTIES, STANDARDS AND OTHER SUBJECTS.

7. BOTH SIDES AGREED THAT LDC PRESSURES ARE MOUNTING, THAT

THEY WILL HAVE TO BE CONSULTED MORE ASSIDUOUSLY, AND THAT POSSIBLY EARLY CONCESSIONS ON TROPICAL PRODUCTS WILL HAVE TO BE MADE. AMBASSADOR WALKER NOTED THAT ADAMANT JAPANESE OPPOSITION TO EARLY AGREEMENT ON TROPICAL PRODUCTS MIGHT REDUCE THE STRAIN ON THE US AND THE EC. BUT IT WAS AGREED THAT AN EFFORT WILL HAVE TO BE MADE TO IDENTIFY ADVANTAGES TO LDCS IN THE PROPOSALS THE US AND EC WILL BE MAKING IN THE FALL AS PART OF THE BUILDUP TO THE DECEMBER 9 TNC.

8. SOAMES WAS CURIOUS ABOUT THE US POSITION ON TARIFFS AND AGRICULTURE. HE NOTED THAT THE US SEEMED TO HAVE RELAXED ITS OPPOSITION TO A TARIFF FLOOR. THE US PARTICIPANTS POINTED OUT TO HIM THAT THE US TARIFF AUTHORITY PROVIDES FOR ELIMINATION OF DUTIES OF 5 PERCENT AND BELOW, AND THAT THE US HAD NOT TAKEN A FORMAL POSITION REGARDING A TARIFF FORMULA. WHEN SOAMES ARGUED THAT A FLOOR PRESERVED LDC PREFERENCES, HIJZEN CORRECTED HIM, SAYING THIS MIGHT BE THE RESULT, BUT THE CONCEPT HAD BASICALLY BEEN CONVEIVED AS A WAY OF COMPENSATING THE US, BE PERMITTING IT TO RETAIN LOW DUTIES, FOR THE REDUCTIONS IN HIGH DUTIES DEMANDED BY THE EC'S HARMONIZATION PROPOSALS. AND BOTH HIJZEN AND AMBASSADOR GREENWALD ARGUED AGAINST LETTING LDC PREFERENCES STAND IN THE PATH OF TARIFF CUTTING.

9. ON AGRICULTURE, THE TWO SIDES NOTED HAT THE ISSUES INVOLVED HAVE ASSUMED SYMBOLIC IMPORTANCE ON BOTH SIDES OF THE ATLANTIC. AMBASSADOR WALKER REFERRED TO STATUTORY OBLIGATION AND NOTED THAT US AGRICULTURAL INTERESTS, WHICH DO NOT WISH TO HAVE AGRICULTURE LEFT OUT OF THE NEGOTIATIONS ONCE AGAIN, FEAR THAT SEPARATE TREATMENT MEANS JUST THIS. HIJZEN SAID THAT THE STICKING POINT FOR THE EC IS CONSIDERATION OF INDIVIDUAL PROTECTIVE MEASURES OUTSIDE THE CONTEXT OF ALL THE CIRCUMSTANCES AFFECTING TRADE IN AGRICULTURAL COMMODITIES.

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PAGE 04 STATE 176209

10. SOAMES RAISED TWO OTHER SUBJECTS--GRAINS RESERVES AND COUNTERVAILING.

11. ON THE FIRST HE SAID THAT FROM PRESS ACCOUNTS IT APPEARED THE US HAD THE ONLY LARGE SURPLUS THIS YEAR, AND THAT THE USSR WOULD ABSORB MUCH OF THIS SURPLUS. ONE ARGUMENT FOR SEPARATE, RALID ACTION IN LONDON ON GRAINS RESERVES HAD BEEN THAT THIS YEAR THERE WOULD BE LARGE AMOUNTS OF GRAIN AVAILABLE FOR STOCK-PILING PURPOSES. HE WONDERED WHETHER THIS QRGUMENT HADN'T BEEN RENDERED MOOT BY LARGE RUSSIAN GRAIN PURCHASES. THE US SIDE TOLD HIM THEY DID NOT HAVE NEW CROP FIGURES, BUT THAT US STILL HOPED TO MAKE PROGRESS IN LONDON.

12. ON COUNTERVAILING, HE ASKED AGAIN (SEE SEPTTEL ON EARLIER SOAMES-GREENWALD CONVERSATION) THAT THE US NOT WAIT UNTIL

NEAR THE END OF THE SIX MONTHS PERIOD FOLLOWING PRELIMINARY DETERMINATIONS BEFORE TAKING FINAL ACTION. HE ARGUED THAT THIS PRODUCED UNACCEPTABLE PRESSURES. HE WAS NOT, HOWEVER, HE SAID, ASKING FOR INSTANT ACTION.

13. AMBASSADOR WALKER NOTED THAT IN THE FLOAT GLASS CASE IT WAS IMPORTANT THAT BELGUM, GERMANY, AND ITALY SUPPLY MORE INFORMATION. HIJZEN SAID HE HAD BEEN TOLD THAT GERMANY NOW HAD DONE SO.

14. SOAMES ARGUED THAT THE EC WOULD NOT PAY FOR AN INJURY PROVISION IN THE US COUNTERVAILING DUTY LAW. AMBASSADOR WALKER SAID THE ONLY FEASIBLE ROUTE TO A US INJURY PROVISION WAS THROUGH AN OVERALL SUBSIDIES--COUNTERVAILING AGREEMENT, AND HIJZEN INDICATED GENERAL AGREEMENT WITH THIS, ALTHOUGH THE LINK COULD NOT BE FORMALLY MADE BY THE EC. HIJZEN'S COMMENTS TRACKED THOSE MADE BY GUNDELACH IN WASHINGTON AND HIJZEN ALSO SPECIFICALLY POINTED TO THE LANGUAGE ON THIS SUBJECT IN HIS TNC SPEECH. GREENWALD

UNQUOTE. KISSINGER

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